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INNOVATION ECONOMY

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August 31, 2020

The Honorable Rafael Anchía
Chair, Committee on International Relations & Economic Development
Texas House of Representatives
Texas Capitol, Room 1N.5
Austin, Texas 78701

RE: Interim Charge Four

Dear Chairman Anchía:

I write on behalf of TechNet to help inform the House Committee on International Relations & Economic Development on Interim Charge Four, which asks the Committee to examine policy proposals to address the growing number of independent contractors and employees in the "gig economy." TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents more than three million employees in the fields of information technology, e-commerce, clean energy, gig and sharing economy, venture capital, and finance.

The composition of the U.S. workforce is changing as shifts impact labor supply and demand, interstate commerce and international trade grow, and technology makes it easier for people to work independently and run their own businesses. In addition, new technologies have provided low-barrier access to flexible, independent work, allowing individuals and families in need of supplemental income, including during periods of unemployment or underemployment, to access work on demand. Over time, in large part due to the availability of the gig and sharing economies, the independent workforce has grown to serve as an important source of earnings for millions of Americans.

Many in the modern, independent workforce find they get better financial returns on their skills than similar groups in the traditional workforce. Perhaps the biggest benefit to this new workforce is the flexibility self-employment, independent contracting, and freelancing provide, which allows the independent workforce to balance work, family, and leisure activities differently than employees. But, with this flexibility also come challenges regarding the provision of benefits such as medical, dental, vision, disability, paid time off, and retirement.

To address these challenges, state and federal policymakers are beginning to attempt to regulate how, or if, companies who use this new independent workforce to provide services also provide benefits. As policies are introduced to address the growth of the new economy, it is important to maintain the flexibility needed for both online and offline and commoditized and differentiated business models for finding work and the diverse, independent workforce.

Technology companies' ability to innovate and provide flexible work opportunities to millions of Americans should be preserved. Policymakers should also strive to improve access to portable benefits for independent workers and their families. Any portable benefits program should be guided by the following principles:

- Participation should be voluntary, and the program should maintain the flexibility these workers seek while avoiding making the American independent workforce too expensive. These programs and policymakers should be cognizant of the differences between online and offline and commoditized and differentiated business models.
- The program should empower companies to provide portable benefits to workers by establishing a safe harbor with respect to the independent contractor status of workers.
- The program should avoid duplicating existing requirements or creating unclear or confusing overlaps or conflicts with existing requirements.
- The program should not impede the ability of self-employed workers, independent contractors, freelancers, and other small businesses to find work online by mandating "one-size-fits-all" benefits policies.
- The program should recognize the promise of flexibility, diversity, and inclusion inherent in the new economy and the opportunities the new economy brings to traditionally underserved workers, consumers, and small and large businesses alike.
- States should engage multiple stakeholders, or convene task forces or working groups, to gather feedback and assess how states would implement a portable benefits program, assuming a federal-level program is not established.

The modern workforce requires a flexible employment environment that allows workers to find opportunities that match their skills, interests, and availability. TechNet opposes efforts to eliminate or restrict this flexibility and supports efforts to develop new avenues and "safe harbors" that empower companies to voluntarily provide new protections and benefits to workers where appropriate without impacting classification outcomes.

TechNet looks forward to working with the Committee and its members this upcoming session and beyond.

Sincerely,

A handwritten signature in black ink, appearing to be 'D Edmonson', with a long horizontal stroke extending to the right.

David Edmonson
Executive Director, Texas & Southeast